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**Seamless Green China (Holdings) Limited**  
**無縫綠色中國(集團)有限公司**

*(Incorporated in the Cayman Islands and re-domiciled and continued in Bermuda with limited liability)*  
**(Stock Code: 8150)**

**(1) DELAY IN PUBLICATION OF 2019 ANNUAL RESULTS;  
(2) POSSIBLE DELAY IN DESPATCH OF 2019 ANNUAL REPORT; AND  
(3) UNAUDITED FINANCIAL INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2019**

This announcement is made by Seamless Green China (Holdings) Limited (the "Company", together with its subsidiaries, the "Group") pursuant to Rule 17.10(2)(a) of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

**DELAY IN PUBLICATION OF THE 2019 ANNUAL RESULTS AND POSSIBLE DELAY  
IN DESPATCH OF 2019 ANNUAL REPORT**

The Board, after due and careful consideration, is of the view that it would not be appropriate for the Company to publish the annual results of the Group for the year ended 31 December 2019 (the "2019 Annual Results") on 31 March 2020. The operations of the Group were mainly located in the People of Republic of China (the "PRC"). The COVID-19 outbreak since January 2020 has resulted in: (i) the inability to conduct certain audit procedures (the "Audit Works") and valuations in the PRC; (ii) the financial staff of the major subsidiaries of the Group in the PRC was restricted from fully resuming work after the Chinese New Year holiday which severely disrupted the financial reporting process (the "Financial Reporting Works"); and (iii) the difficulties to contact the key customers and suppliers of the major subsidiaries of the Group in the PRC to obtain certain confirmations. As a result of the foregoing matters which are beyond the Company's control, the completion of some of the valuations, Financial Reporting Works and Audit Works have experienced delays.

## UNAUDITED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2019

Rule 13.49(3) of the Listing Rules provides that where an issuer is unable to issue its preliminary results, it must announce its results based on the financial results which have yet to be agreed with the independent auditor (so far as the information is available). The Company will use its best endeavours to publish the 2019 Annual Results and despatch the 2019 Annual Report to the shareholders of the Company as soon as possible.

The following sets out the unaudited material financial information of the Group, which is extracted from the latest unaudited management account, for the year ended 31 December 2019.

	Year ended 31 December	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
<b>RESULTS</b>		
Revenue	145,105	121,060
Cost of sales	(133,343)	(110,909)
Other expenses, net	(21,610)	(16,846)
Loss for the year	(9,848)	(6,695)
<b>As at 31 December</b>		
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
<b>ASSETS AND LIABILITIES</b>		
Total assets	128,361	118,667
Total liabilities	(84,549)	(66,050)
Total equity	43,812	52,617

# NOTES TO THE UNAUDITED FINANCIAL INFORMATION

For the year ended 31 December 2019

## 1 General information

Seamless Green China (Holdings) Limited (the “Company”) is an investment holding company and together with its subsidiaries (collectively referred to as the “Group”) are principally engaged in the manufacturing and trading of Light Emitting Diode (“LED”) and related products, manufacturing and sale of optoelectronic products and sapphire watch crystals, trading of liquor and property investment.

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these unaudited financial information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

These unaudited financial information have been prepared in according to Hong Kong Financial Reporting Standards (“HKFRS”). The unaudited financial information have been prepared under the historical cost convention, except for the investment properties and financial asset at fair value through other comprehensive income.

The preparation of these unaudited financial information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

#### 2.1.1 Changes in accounting policies and disclosures

(a) *Changes in accounting policies and disclosures*

- (i) New and amended standards, improvements and interpretation adopted by the Group
- The following new and amendments to HKFRSs, improvements and interpretation have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2019:

HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments
HKFRS 9 Amendments	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HKAS 19 Amendments	Plan Amendment, Curtailment or Settlement
HKAS 28 Amendments	Long-term Interests in Associates and Joint Ventures
Annual improvements project	Annual Improvements 2015-2017 Cycle

Save as disclosed in Note 2.1.1(a)(iii) below, the adoption of other new and amended standards, improvements and interpretation did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

## 2 Summary of significant accounting policies (continued)

### 2.1 Basis of preparation (continued)

#### 2.1.1 Changes in accounting policies and disclosures (continued)

(a) Changes in accounting policies and disclosures (continued)

- (ii) New and amended standards, interpretations and revised framework that have been issued but were not yet effective

*Effective for accounting periods beginning on or after 1 January 2020*

HKAS 1 and HKAS 8 Definition of Material  
Amendments

HKAS 39, HKFRS 7 and Hedge accounting  
HKFRS 9 Amendments

HKFRS 3 Amendments Definition of a Business

Conceptual Framework for Revised Conceptual Framework for  
Financial Reporting 2018 Financial Reporting

*Effective for accounting periods beginning on or after 1 January 2023*

HKFRS 17 Insurance Contracts

*Effective for accounting periods beginning on or after a date to be determined*

HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor  
Amendment and its Associate or Joint Venture

The Group has commenced an assessment of the impact of these new and amended standards, interpretations and revised framework but is not yet in a position to state whether they would have a significant impact of its results of operations and financial position.

The Group does not intend to early adopt these standards before their respective effective dates.

- (iii) Impacts and changes in accounting policies of application on HKFRS 16 “Leases”  
This note explains the impact of the adoption of HKFRS 16 Leases on the Group’s consolidated financial statements.

The Group had to change its accounting policies as a result of adopting HKFRS 16. In accordance with the transition provisions of HKFRS 16, the Group has adopted the modified retrospective application for existing leases at 1 January 2019 with certain transition reliefs and under which comparative figures are not restated. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 January 2019.

On adoption of HKFRS 16, the Group recognised the lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate as of 1 January 2019.

## 2 Summary of significant accounting policies *(continued)*

### 2.1 Basis of preparation *(continued)*

#### 2.1.1 Changes in accounting policies and disclosures *(continued)*

##### (a) Changes in accounting policies and disclosures *(continued)*

##### (iii) Impacts and changes in accounting policies of application on HKFRS 16 “Leases” *(continued)*

##### **Practical expedients applied**

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous; and
- accounting for operating leases with a remaining lease term of less than 12 months as short-term leases.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

##### **Adjustments recognised in the consolidated statement of financial position on 1 January 2019**

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 January 2019:

- Right-of-use assets – increase by approximately HK\$0.5 million
- Lease liabilities – increase by approximately HK\$0.5 million
- There was no impact on retained earnings at 1 January 2019

#### 2.1.2 Uncertainties

The Board was notified by the management of certain subsidiaries in the PRC that they were at one stage required to temporarily suspend their business operations as a result of the precautionary and control measures for containing COVID-19 outbreak. As such, the Company was unable to obtain sufficient documents and information in relation to, nor conduct site visit at, the subsidiaries.

Therefore, the valuation of fair value measurement on (i) identifiable assets acquired, liabilities assumed and non-controlling interests for a newly acquired subsidiary in the PRC during the year; (ii) investment properties; and (iii) expected credit loss assessment on trade and other receivables, cannot be carried out by the independent valuer before the date of this announcement.

In addition, COVID-19 outbreak further slowdown of settlements of trade receivables. If the present situation in respect of the COVID-19 outbreak continues and the restrictions and control measures are prolonged, the Group's operations and cash flows may be negatively affected. The Group's financial conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

## **2 Summary of significant accounting policies** *(continued)*

### **2.1 Basis of preparation** *(continued)*

#### **2.1.2 Uncertainties** *(continued)*

In view of the above, the Directors have given careful consideration of the liquidity requirements for the Group's operations, the performance of the Group and available sources of financing in assessing whether the Group has sufficient financial resources to continue as a going concern, which would depend upon, among other things: (i) the successful and timely collection of trade receivables, (ii) the ability to secure the short-term and long-term borrowings from the bank and other financial institution or placing of new shares for the next twelve months; and (iii) the successful implementation of business plan for its business to mitigate the negative impacts of COVID-19 and improve operation results.

The Directors, after due consideration of the basis of the plans and measures as well as the reasonable possible downside changes to the cash flow assumptions, considered it appropriate to prepare the consolidated financial statements of the Group on a going concern basis. That having said, since the Audit Works has not been completed, it is uncertain, as at the date of this announcement, whether the independent auditor of the Company would issue a modified report to the consolidated financial statements in this regard.

As such, the unaudited material financial information of the Group set out above may not reflect the impact of the above uncertainties and is subject to potential adjustments and finalisation pending (i) the completion of the valuations, Financial Reporting Works and Audit Works; and (ii) the impact of the development of events on the ability of the Company to continue as a going concern. The unaudited material financial information of the Group set out above has therefore not been reviewed, audited or approved by the independent auditor of the Company.

## **BUSINESS AND FINANCIAL REVIEW**

The Company is an investment holding company. The Group's principal activities were involved in the manufacturing and trading of LED and related products, manufacturing and sale of optoelectronic products and sapphire watch crystals, trading of liquor, and property investment.

### **Revenue**

During the year ended 31 December 2019 (the "Year"), the total revenue of the Group amounted to approximately HK\$145.1 million, representing a 19.9% increase from that of approximately HK\$121.1 million in 2018. Such increase mainly generated from LED and related products division, which recorded a revenue of approximately HK\$144.2 million for the Year (2018: HK\$117.8 million) representing an increase of 22.4%. In 2018, the Group diversified the LED product range from LED lighting to other LED-driven smart-home and smart-office appliances such as handheld projectors. The Group will continue to diversify its product range with the view to strengthening the Group's resistance towards downturn factors such as raw material shortage or change of customer appetite. To cope with the increased purchase orders of our LED and related products, we outsourced part of our manufacturing processes to external suppliers to increase our flexibility amidst the uncertain outlook of China-US trade relationship.

### **Cost of sales**

The Group's direct costs mainly comprised cost of inventories sold, subcontracting costs and direct staff costs. The increase in cost of sales are in line with the increase in revenue for the Year.

### **Gross profits**

The gross profits margin remained stable at approximately 8.1% during the Year (2018: approximately 8.4%).

### **Other expenses, net**

Other expenses, net were approximately HK\$21.6 million for the Year (2018: approximately HK\$16.8 million). The increase was mainly due to increase in (i) finance cost in respect of factoring arrangement on certain trade receivables; and (ii) legal and professional fee during the Year.

### **Loss for the Year**

Loss attributable to owners of the Company for the Year was approximately HK\$10.2 million, as compared to that of approximately HK\$6.7 million in 2018, which mainly due to increase in (i) finance costs for factoring arrangement on certain trade receivables; and (ii) legal and professional fee during the Year.

### **Total assets**

The Group's total assets increased to approximately HK\$128.4 million as at 31 December 2019 (2018: approximately HK\$118.7 million). Such increase was mainly a result of increase in right-of-use assets due to adoption of HKFRS 16 Leases during the Year and increase in cash and bank balance due to better credit control.

### **Total liabilities**

The Group's total liabilities increased to approximately HK\$84.5 million as at 31 December 2019 (2018: approximately HK\$66.1 million). The increase was mainly due to increase in (i) lease liabilities due to adoption of HKFRS 16 Leases; and (ii) bank and other borrowings during the Year.

### **Significant investments, material acquisitions and disposal of subsidiaries and affiliated companies**

During the Year, the Group has completed an acquisition of a subsidiary which is individually not material to the Group. Save as mentioned above, the Group had no significant investments, material acquisitions and disposal of subsidiaries and affiliated companies during the Year.

### **Foreign currency risk**

The Group operates mainly in the PRC and Hong Kong. For the operations in the PRC, the transactions are mostly denominated in RMB. Minimal exposure to fluctuation in exchange rates is expected. For the operations in Hong Kong, most of the transactions are denominated in HK\$ and US\$. Since the exchange rate of US\$ against HK\$ is pegged to each other under the Linked Exchange Rate System, the exposure to fluctuation in exchange rates will only arise from the translation to the presentation currency of the Group. The Group did not resort to any currency hedging facility for the Year. However, the management will monitor the Group's foreign currency exposure should the need arise.

### **Contingent liabilities**

At 31 December 2019, the Group had no material contingent liabilities.

### **Pledge of assets**

As at 31 December 2019, the Group had no pledge of assets.

## **CAPITAL STRUCTURE**

There had been no changes in the capital structure of the Group during the Year. The shareholders' equity of the Group decreased to approximately HK\$43.8 million as at 31 December 2019 (2018: approximately HK\$52.6 million), which was mainly due to the operating loss during the Year.

## **PROSPECTS**

In view of COVID-19 outbreak since January 2020 and the uncertain macroeconomic environment, some of the Group's customers have deferred their orders. As such, orders from the Group's customers for the first quarter of 2020 are expected to decline. The drop in orders combined with an overall weak retail environment, will deal a further blow to the Group's business and performance in 2020. The COVID-19 outbreak has also brought disruptions to the logistics of the supply chain for the Group's production lines in the PRC. As the schedule of full production resumption amongst upstream materials suppliers in the PRC varies, coupled with policies implemented in certain provinces and cities to restrict the movement of goods and people, a shortage of certain raw materials is resulted. The government have implemented certain public health measures, including the restrictions or closure of immigration or traffic control points, mandatory quarantine imposition on inbound travellers and government direction to suspend business operations. For the Group's factories in the PRC, some management staff and workers have not been able to report for duty owing to the temporary travel restrictions. Although the production gradually resumed in March 2020, this is expected to result in lower production output, and consequently the revenue, for 2020.

The degree of impact depends on the duration of the COVID-19 outbreak, the effectiveness of the preventive measures and the implementation of regulatory policies. The Group will closely monitor the situation and the Group's exposure to the risks and uncertainties in connection with COVID-19, and assess and react proactively to its impacts on the financial position and results of the Group. In view of the generally weak market conditions, the Group will continue to take a conservative approach in capacity planning, and adopt stringent cost and risk management measures to guard against heightened uncertainty in the operating landscape.

The Company has been continuously reviewing its business operations and financial position for the purpose of formulating business plans and strategies for its future business development, which would enable the Group not only to develop its existing business divisions but also to capture business opportunities, diversify its businesses and broaden its income sources. The Company will endeavour to allocate its resources in an efficient and effective manner and in the best interest of the Company and its Shareholders as a whole.



## **EVENTS AFTER THE REPORTING PERIOD**

Saved as aforesaid impact of COVID-19 outbreak, the Group had no other significant event requiring disclosure that has taken place subsequent to 31 December 2019 and up to the date of this announcement.

## **PURCHASE, SALE OR REDEMPTION OF SHARES BY THE COMPANY AND/OR SUBSIDIARIES**

Save as aforesaid, the Company did not redeem any of its Shares listed and traded on GEM nor did the Company or any of its subsidiaries purchase or sell any of such Shares during the Year.

## **REVIEW BY AUDIT COMMITTEE**

As required by Rule 5.28 of the GEM Listing Rules, the Company has established an Audit Committee with written terms of reference, which deals clearly with its authority and duties. The principal duties of the Audit Committee are to review and supervise the Group's financial reporting process and its internal control and risk management systems. As at the date of this announcement, the Audit Committee comprises four independent non-executive directors of the Company ("INEDs"), namely Mr. Yan Guoniu (chairman of the Audit Committee), Mr. Tang Rong Gang, Mr. Ou Wei An and Mr. Ng Yu Ho, Steve.

The Company's unaudited material financial information for the Year have been reviewed by the Audit Committee.

## **CORPORATE GOVERNANCE**

The Company is committed to implementing good corporate governance practices and emphasising transparency and accountability to its shareholders and stakeholders.

The Company had complied with all the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules throughout the Year except for the followings:

Code provision A.2.1 of the CG Code stipulates that roles of the chairman and the chief executive should be separate and should not be performed by the same individual. Mr. Wong Kin Hong serves as the chairman of the Board (the "Chairman") and also acts as the chief executive officer of the Company. The Board believes that vesting the roles of both Chairman and chief executive officer in the same person would allow the Company to be more effective and efficient in developing long term business strategies and execution of business plans.

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. All Directors (including executive Directors and INEDs) are not appointed for a specific term but they are all subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. In response to the specific enquiry made by the Company of the Directors, all Directors of the Company have confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors adopted by the Company throughout the Year.

## **REVIEW OF UNAUDITED FINANCIAL INFORMATION**

The auditing process for the annual results for the year ended 31 December 2019 has not been completed due to restrictions in force in parts of the PRC to combat the COVID-19 outbreak. The unaudited material financial information contained herein have not been agreed by the Company's independent auditor. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants. The unaudited material financial information contained herein have been reviewed by the audit committee of the Company.

## **FURTHER ANNOUNCEMENT(S)**

Following the completion of the auditing process, the Company will issue further announcement in relation to (i) the audited results for the year ended 31 December 2019 as agreed by the Company's independent auditor and the material differences (if any) as compared with the unaudited material financial information contained herein, (ii) the proposed date on which the forthcoming annual general meeting will be held, and (iii) the period during which the register of members holding ordinary shares will be closed in order to ascertain shareholders' eligibility to attend and vote at the said meeting (and the proposed arrangements relating to dividend payment, if any). In addition, the Company will issue further announcement as and when necessary if there are other material developments in the completion of the auditing process.

**Shareholders and potential investors of the Company are reminded not to rely on the unaudited material financial information of the Group set out above and should exercise caution when dealing in the securities of the Company.**

By order of the Board

**Seamless Green China (Holdings) Limited**

**Wong Kin Hong**

*Executive Director and Chairman*

Hong Kong, 31 March 2020

As at the date of this announcement, the directors of the Company (the "**Directors**") are:

***Executive Directors:***

Mr. Wong Kin Hong (*Chairman*)

Mr. Huang Yonghua

Mr. Wong Tat Wa

Ms. Leung Po Yee

***Independent Non-executive Directors:***

Mr. Yan Guoniu

Mr. Tang Rong Gang

Mr. Ou Wei An

Mr. Ng Yu Ho, Steve

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website ([www.hkgem.com](http://www.hkgem.com)) for at least 7 days from the date of its publication. This announcement will also be published on the website of the Company (<http://www.victoryhousefp.com/lchp/8150.html>).*